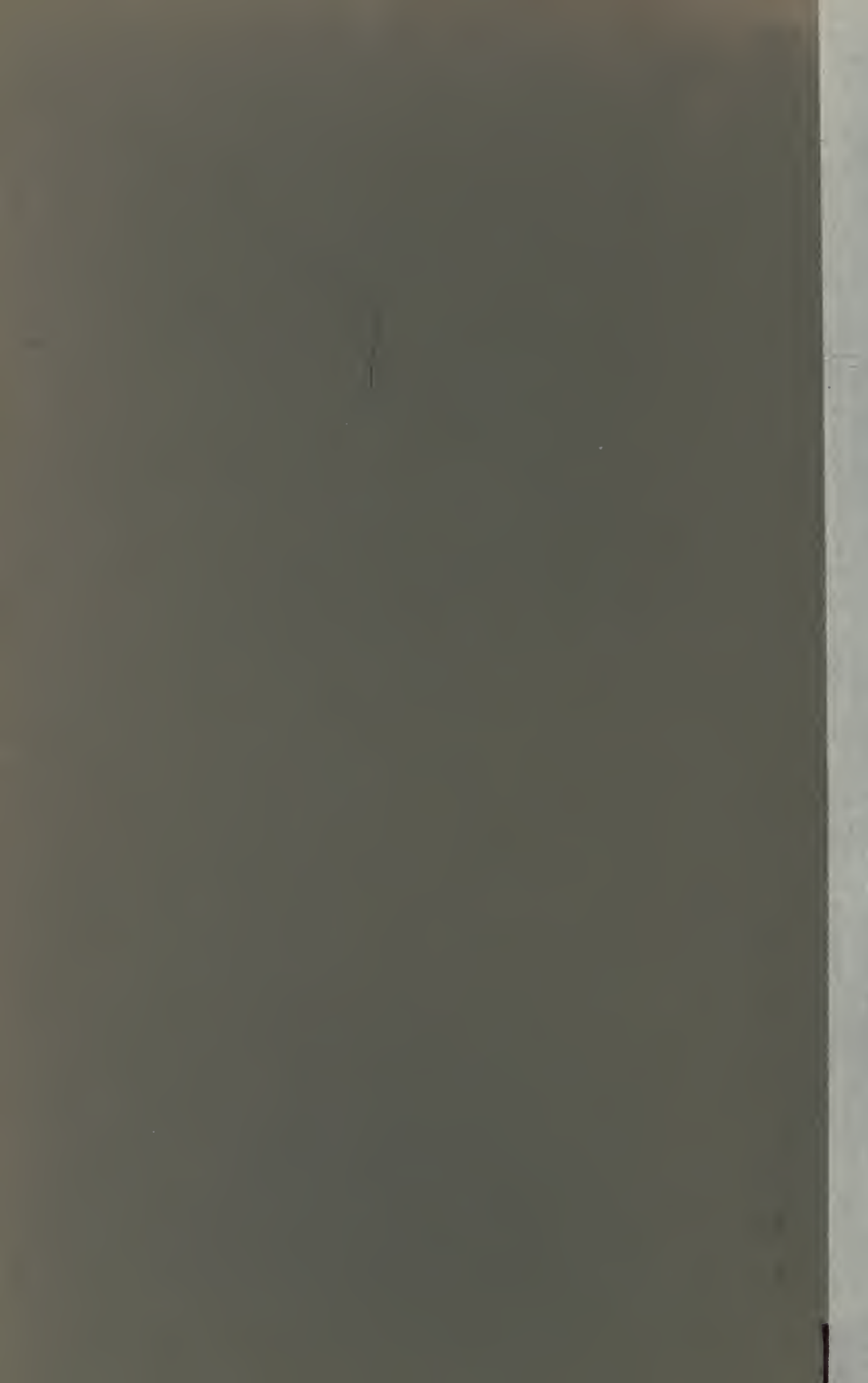




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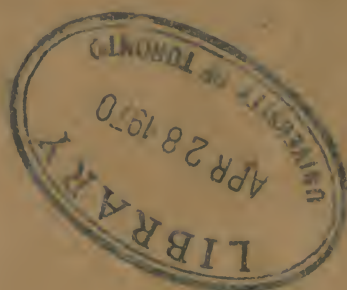
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FOREWORD.

By the courtesy of our Comrade Karl Kautsky—to whom we are indebted, not only for his readily accorded permission to reproduce in English, but also for his personal correction of the proofs of our translation—we are able to publish as our second contribution to the Socialist library which we are anxious to build up, the first section of Kautsky's famous book, *Das Erfurter Programme*, a section which has already appeared through the columns of the Party Organ, *THE SOCIALIST STANDARD*.

From so eminent a member of the International Socialist movement, this examination of the existing (capitalist) mode of production will doubtless have an exceedingly high value to those who have made some ordered study of the underlying causes of the many social problems which press upon the attention of the student to-day, the more so because Kautsky's name will be familiar to them as one whose intimate knowledge of the subject dealt with is probably unsurpassed by any living writer.

But however desirable or necessary it may be to bring this work under the notice of such, the real object which we have in view in reproducing it is to help the working class of this country, or that portion of the working class we can reach, to an understanding of the origin, the growth, the structure, the trend and the ultimate end of the system of Society in which they find themselves to-day, and to an appreciation of the reasons why that Society has, even in its most favourable aspect, so much of insecurity, and hardship, and unhappiness for them.

At a time when the increasing pressure of economic circumstance is forcing the working class to cast about for some means of escape from the miseries they are either experiencing or fear to experience; at a time when they are clutching desperately at every straw within reach in an endeavour to avert the doom that daily threatens to engulf them, it is more than ever incumbent upon those who have been enabled to set their feet upon the rock of truth to do all that men may to assist their fellows on to as firm a foundation, so that without the waste of energy, the disappointment and the despair which their present aimless or ill-directed efforts have engendered, they may effectually point their energies toward the eradication of the real causes of their condition, to the end that their physical and mental wants may find a satisfaction at present almost entirely denied them, and so that they may attain to that measure of security and comfort and joy in living to which, as the indisputable producers of all the wealth of the world, they may justly lay claim.

As it is, their lack of knowledge has made of them easy prey to political charlatans dishonestly concerned with personal aggrandisement, or economic quacks honestly anxious to administer their paltry pill for the cure of the social earthquake. Under such leadership it is not surprising that the working class are largely engaged to-day in ploughing the sands of impotence or beating the air of despair.

It is our purpose, as members of the working class, to combat the evil effects of the work of these black-hearted or muddle-headed misleaders by assisting our fellows, through our Press and from our platforms, to strike off the shackles of ignorance so that they may seriously consider with us the problem of their poverty; to induce them to give ear while we shew cause why the solution of that problem can only lie in the common, collective ownership by the whole of the wealth producers, of the land and the machinery they operate in the process

of producing and distributing wealth, seeing that it is clearly demonstrable that the cause of the trouble lies in the present *private* ownership of that land and machinery by the capitalist class. We approach them as a Socialist Party concerned, therefore, with both their industrial and their political organisation, but emphasising the fact that the great barrier between the workers even consciously organised as such, and the machinery of production which they operate but do not own, is a political barrier, behind which a small capitalist class exist securely and luxuriously because they are able, while they can maintain that barrier, to control the various national fighting forces against the possible revolt of the workers. At present, in their class-unconscious condition, any revolt, because it is always attempted sectionally, can, of course, be easily dealt with, generally without the intervention of armed force; but even with an educated and well organised working class taking action upon class lines, control of the armed forces by the capitalist class directed against working-class efforts, would still effectually prevent the triumph of those efforts. Therefore we point out that having acquired the information which will enable them to understand their present position, and having organised their forces upon a class basis, the working class must proceed directly to the overthrow of the political barrier and the capture of political power, in order that they may pursue their avocation as wealth producers at leisure and in peace freed from the domination of an exploiting capitalist class, and assured of the full results of their labours.

Our work therefore consists in educating the working class to the best of our ability. In this work it impresses us as of the highest importance that we should keep the class position of the workers as against the capitalists, clear, not only in our preachings but in our actions. Precepts which do not square with examples are potent causes of working-class confusion as we in England have very good cause to know. It was because of the confusion wrought by the conflict of the actions with the professions of parties claiming to be Socialist that we determined to form an organisation which should express the class antagonism clearly and consistently. Hence The Socialist Party of Great Britain.

Recognising then the paramount importance of educating the workers, we seize with avidity upon a book such as this of Kautsky's because of its masterly presentation of the rise of capitalism and the course of its ruthless and crushing advance. The section of the work reproduced here deals with that phase of capitalist development which had as its principal and certainly its most striking feature, the gradual extinction of the handicraft system in production and the elimination of the small capitalist. Its perusal will enable the worker to understand something of the mighty growth which has reduced him to-day to a merchandise offered for sale on the market. It will help him to see how the gulf between his class and the class of his employer has widened until to-day it is passable only to that remnant of small capitalists still in course of being picked clean of all they possess, thereafter to be flung across the chasm into the outer darkness of the propertyless. It will enable him perhaps to understand why it is that man born of the proletariat remains, with barely an exception, in their ranks for the term of his natural life, and even then must sleep his long sleep in the company of his class in the cheap places of burial. And so, because he will then have understood how the present methods of production broadly determine his relationship to the

remainder of Society and circumscribe his own mental and physical development, may come to him a dawning appreciation of that basal fact in the growth of human Society, which the genius of Karl Marx established—the fact that all the manifestations of human activity expressed in social institutions, in literature, art and the sciences, are in the final analysis but the superstructure of which the prevailing method of production and distribution is the base. It is knowledge of this fact which enables the scientific sociological student to steer a straight course clear of the pitfalls that beset the devious ways of the ill-instructed reformer, and enables him to weave out of the tangled skein of the present the fabric of the Society of the future.

It is our present intention to reproduce the remaining sections of the book in pamphlet form as early as possible, and finally to issue the whole of the work in book form.

THE EXECUTIVE COMMITTEE OF THE SOCIALIST PARTY OF GREAT BRITAIN.



From Handicraft to Capitalism

By KARL KAUTSKY.

1. PETTY ENTERPRISE AND PRIVATE OWNERSHIP.

SOME think they are talking wisdom when they tell us "There is nothing new under the Sun," "as it is to-day it has always been and will always remain." Nothing is more erroneous and stupid than such assertions. The newer development of science shews us that there is nowhere a standing still, that in Society, as in Nature, continual development is perceptible. We know to-day that originally man lived animal-like by gathering whatever Nature offered him spontaneously. But he invented one weapon after another, one tool after another, each more perfect than the other. He became fisherman, hunter, cattle-raiser, finally settling down to agriculture and handicraft. Ever more rapid was the course of development until to-day, in the age of steam and electricity, it has become so rapid that we are able to follow it with our eyes without comparing it with past ages.

The manner in which men gain their livelihood, in which they produce those things necessary for their sustenance depends upon the character of their tools, their raw material—in one word, upon the means at their disposal for the production of such things, upon their means of production. But men have never carried on production isolated from each other, but, on the contrary, always in larger or smaller communities, whose form for the time being depends upon the then prevailing mode of production.

From the development of production consequently follows the social development. The form of society and the relations of its members to each other are, however, closely connected with the forms of property recognised and maintained. Hand in hand with the development of production proceeds also the development of property. An example, one relating to peasant farming, will make this clear. A complete peasant farm comprises two branches of production, cattle-breeding and agriculture. Until the eighteenth century there prevailed with us universally and prevails frequently to-day, pasture farming. This

necessitates, however, the common ownership of the soil. It would be folly were each peasant to have his separate piece of grazing-land, to fence it in, to keep a shepherd of his own, and so on. Consequently the peasant clings, where pasture farming is in vogue, with the greatest tenacity to the common pasture and the common shepherd.

It is different in agriculture, if the same is carried on with the simple implements of the peasant farm, without machines. Common cultivation of the agricultural land of the peasant community by all the members of the community is, under such circumstances, neither necessary nor conducive to successful production. The implements of peasant farming demand that a single individual by himself or together with a few others (in a group as represented by the peasant family) shall cultivate a small piece of land. This cultivation, however, will be carried on carefully and will yield greater results the more freedom of control the cultivator is able to exercise over his property, and the more fully he enjoys the results of cultivating and improving his farm. Agriculture in its beginning forces into existence petty industry and this necessitates the private ownership of the means of production, if it is to develop fully.

For instance, with the ancient Teutons the common ownership of the soil which prevailed so long as pasture-farming (and hunting) remained the principal means of gaining their sustenance, disappeared more and more and made way for private ownership of the soil, in the measure in which petty peasant agriculture came to the fore. The substitution of cattle-raising in stables for pasture-farming was the death-blow to the common ownership of land. Thus, under the influence of economic development, in consequence of the progress made in farming, the peasant has developed from a communist to a fanatic in private ownership.

What applies to the petty peasant holds good with the handicraftsman. Handicraft requires no associated labour of a large number of workmen. Each handicraftsman toils either alone or together with one or two assistants, who belong to his family or his household. As in peasant farming, so also in handicraft, the single workman or workman's family maintains a separate establishment and therefore handicraft, like petty peasant farming, necessitates private ownership of the means of production which it uses, and of the products which it creates, in order to fully develop its competency, its power of productivity. In petty industry this product of the workman depends upon his individuality, his skill, his industry, his perseverance. He consequently claims it for himself as his individual property. He is, however, unable to develop his individuality in the production if individually he is not free and does not freely control his means of production, that is to say, if these are not his private property.

This has been realised by the Socialists and specifically expressed in their programme by the words "the private ownership of the means of production is the basis of petty industry." But they hold at the same time that the economic development of bourgeois society leads of necessity to the extinction of petty industry. Let us follow up this development.

2. COMMODITIES AND CAPITAL.

The starting points of bourgeois society were peasant farming and handicraft.

The peasant family originally satisfied all their requirements. They produced all the articles of food they needed, all tools, all garments,

built their own house, etc. They produced as much as they required, but no more. [Gradually, however, owing to the progress of Agriculture, they reached a stage when they produced a surplus of things, which they did not want for their immediate use. They were thus placed in a position to exchange this surplus for products which they themselves did not produce or not in sufficient quantities, products which they welcomed, as, for example, a weapon, a tool, or jewels. By the means of exchange these products became commodities, that is, products intended not for use or consumption within the establishment, in which they were produced, but for the purpose of exchange for products of another establishment.] The wheat produced by the peasant for his own use was not a commodity; the wheat he sold, however, was. To sell means nothing else than to exchange a certain commodity for such a one as is welcome to everybody and in this way becomes money, for instance, gold.

As we have seen, the peasant became, in the course of economic development, a producer of commodities. The handicraftsman in his independent petty enterprise was from the first a producer of commodities. And it was not only a surplus of products that he sold, but with him production for sale was the primary feature.

But the exchange of commodities presupposed two conditions, firstly, that every single concern produced a different class of goods and that division of labour had entered Society, and secondly, that those who exchanged were free to dispose of their products, that the latter were their private property.

The more that, in the course of economic development, division of labour in various trades progressed, and private property increased in extent and significance, the more generally was production for own consumption superseded by production of commodities.

Division of labour finally resulted in buying and selling becoming a separate business, which was pursued exclusively by one class, the merchants. These derived their incomes from buying cheaply and selling dearly. This does not mean, however, that they were able to fix the price of commodities at their own discretion, for the price depends ultimately upon the exchange value. The value of a commodity is determined by the average amount of labour expended in its production. Its price scarcely ever coincides exactly with its value. The former is determined not only by the conditions of its production, as is its value, but also by the conditions of the market, primarily, by its supply and demand, in what quantity the commodity is placed on the market, or is in demand. But the price is also subject to certain laws. It varies with different times and places. If, then, the merchant wishes to obtain a margin between the buying and the selling prices of the commodity, as profit, he must, as a rule, buy his commodities when and where they are cheap and sell them when and where they are dear.

When the peasant or handicraftsman bought commodities he did so because he required them for himself or his family as means of production or subsistence. The merchant bought commodities, not for his own use, but to utilise them so that they might yield him a profit. Commodities and sums of money used for such a purpose are capital. It cannot always be said of a commodity or a sum of money that it is capital. Tobacco bought by a merchant for the purpose of being sold at a profit is to him capital. Tobacco bought for his own smoking is not capital.

The original form of capital was that of merchants' capital. Nearly as old is the usurers' capital, the profit of which consists of interest pocketed by the capitalist for commodities or sums of money lent.

Capital was produced at a certain stage in the production of commodities, of course upon the basis of private property, which, as we know, forms the basis of the entire production of commodities. But under the influence of capital private property assumed a new feature, in fact, an additional feature. Besides the petty bourgeois feature, which was in accord with the conditions of petty enterprise, it displayed also a capitalist feature. The defenders of present private property point only to its petty bourgeois feature, and yet it would be blindness to overlook to-day the capitalist feature of private property.

At the stage of economic development with which we are now dealing, when capital was only merchants' and usurers' capital, there were but few features of that capitalist physiognomy visible, but these are worthy of remark.

The income of the peasant or petty handicraftsman under the reign of petty enterprise depended primarily upon his individuality and that of the other members of his family, upon his industry, skill, etc. On the other hand, the amount of the merchant's profit depended upon the money he had for purchasing commodities and the commodities he possessed for sale. If one sells £10,000 worth of tobacco, one's profit, other things being equal, will be 100 times larger than if one sells only £100 worth. The same applies to the usurer. Hence the income of the capitalist, as a capitalist, depends mainly upon the amount of capital he possesses.

The labour power and capacity of the individual are limited, as is also the amount of products a workman is able to create under certain circumstances. It cannot exceed to any degree a certain average. Money, however, can be accumulated to any amount, to that there is no measurable limit. The more money one has, the more accumulates when it is used as capital. Thus the possibility of acquiring immeasurable riches exists.

But private property produced yet another possibility. Private property in the means of production implies the lawful possibility for everybody to acquire such and also the possibility of losing it, that is to say, of losing the source of their existence, and thus sinking into abject poverty. Usurers' capital already presupposes want. He who possesses what he requires will not borrow. By exploiting the helpless position of the necessitous, usurers' capital becomes the means of precipitating want.

The acquisition of wealth in idleness, the immeasurable riches of some, the abject poverty of others, are features perceptible in the capitalist physiognomy of private property. But they were hidden as long as merchants' and usurers' capital were in the first stage of development. The worst feature—poverty—became apparent to but a small degree, the lack of property remaining the exception and not the condition of large numbers of the people.

There were other exploiters, besides the merchant and usurer, as for instance, the feudallord in the middle ages with whom we cannot deal here without diverting too far from our subject. And all those exploiters, the merchant and usurer included, were dependent upon the existence and success of petty enterprise in town and country. The proverb, that if the peasant had money, everybody had money, still held good. Commerce did not destroy petty enterprise, but sometimes even extended it. The usurer whilst draining his debtor of his resources, had no interest in absolutely ruining him. Poverty—the loss of the means of production—did not appear as a regular social phenomenon, but as a particular misfortune caused by an exceptional calamity or exceptional incapacity. Poverty in such cases was regarded as a divine trial, or as the punish-

ment for laziness, carelessness, and so on. This conception still prevails largely in petty bourgeois circles, though now dispossession has become an occurrence of an altogether different character to what it was formerly.

3. THE CAPITALIST MODE OF PRODUCTION.

In the course of the Middle Ages handicraft developed more and more in Europe; division of labour in society increased, weaving for instance being split up into wool weaving, linen weaving and flannel weaving, and several processes connected with weaving, such as cloth trimming, became separate trades. Skill increased and the methods and tools of production were considerably improved. At that time commerce developed, mainly in consequence of improvements in the means of transit, particularly the advance of shipbuilding.

Four hundred years ago handicraft was at its height. This was also an eventful time for commerce. The over-sea route to India, this fairy-land full of immeasurable treasure, was found, and America with its inexhaustible store of gold and silver was discovered. A flood of wealth which European adventurers had amassed in the newly discovered countries by commerce, fraud and robbery, was poured out over Europe. The lion's share of this wealth fell to the merchants, who were in a position to equip ships and man them with a numerous, powerful crew, whose members were as daring as they were unscrupulous.

At the same time also developed the modern state, the centralised state of officialdom and militarism, first of all in the form of absolute monarchy. This state met the requirements of the expanding capitalist class, just as it needed their support. The modern state, the state of the developed production of commodities, does not obtain its strength from personal services but from its financial income. The monarchs had, therefore, every reason to protect and to favour those who brought money into the country, viz., the merchants, the capitalists. In return for this protection the capitalists lent money to the monarchs, to the states, made them their debtors, subjected them to dependence on them and thus forced the state, in order to serve capitalist interests, to safeguard and extend traffic routes, acquire and retain colonies abroad, make wars against rival commercial states, and so on.

Our elementary economic primers tell us that the origin of capital lies in thrift, but we have just now observed altogether different sources of capital. The vast amount of wealth of the capitalist nations can be traced back to their colonial policy, that is to their plundering of foreign countries; it can be traced back to piracy, smuggling, slave traffic and commercial wars. Up to the present century, the history of these nations furnishes us with sufficient examples of such methods of obtaining capital by "thrift," and the assistance of the state proved a powerful means of enhancing this "thrift."

But the new discoveries and roads of commerce did not only yield great wealth to the merchants—they also rapidly extended the markets for the products of industry of the seafaring nations in Europe, particularly of the industry of England, which became the ruler of the sea. Handicraft was unable to satisfy the rapidly and extensively growing demand of the markets. Sales on a large scale demanded production on a large scale. The large market demanded production which entirely answered to its requirements, that is to say, a scale of production which could be undertaken only by the merchants.

The merchants were greatly interested in establishing production on a large scale to meet the extension of the markets; moreover, they

were possessed of the financial means required to purchase in necessary quantities everything needed for production, raw material, tools, workshops, labour power. But whence was the latter obtained? Slaves that one could purchase no longer existed in Europe. A workman who possessed his own means of production or belonged to a family possessing the necessary means of production, would not sell his labour power. He preferred working for himself and his family so that the whole product of his labour should be his or that of his family. He sold the product of his labour, but not his labour power. Here it must be pointed out that one should beware of the expression "selling one's labour." Labour, an activity, cannot be sold. The word labour, however, is commonly not only used for the purpose of signifying an activity, but also for the purpose of designating the result of this activity, the labour product, and for describing labour power the expression of which is the activity in production. This application of the word labour enables all those economists who wish to leave the workers and the petty bourgeoisie in ignorance as to their condition, to mix up things and make them very much alike. This means that we have to watch these gentlemen very closely.

But let us return to the merchant whom we left in search of workers. The owners of petty industrial concerns and their families were of no use. The merchants had to look for workers who did not possess means of production, who possessed nothing but their labour power so that they were compelled to sell this in order to live. The development of the production of commodities and of private property had already brought into existence such men without property, as we have seen. There were, however, but few of them in the beginning, and most of them, unless they belonged to the family circle of a petty concern, were either unfit for work, cripples, invalids, old men, or men afraid of work, sharpers, and tramps. The number of workers without property and free to sell themselves was very small.

At that time, however, when there was a great demand for workers without property, kind Providence played its part by causing a large number of workers to be expropriated and turned into the streets, there to be readily picked up by the wealthy merchants. This was also the consequence of the development in the production of commodities. The extension of the markets for urban industry had a reflex upon agriculture. In the towns a demand for articles of food, raw material, timber, wool, flax, dye stuffs, etc., increased, hence agricultural production too became more and more production of commodities, production for the purpose of selling.

The peasant got money into his hands, but that proved his misfortune, for it roused the avarice of his exploiters, the landlords and rulers. So long as his surplus had consisted only of natural product they had not taken therefrom more than they needed for their own consumption. Money, however, they could always make use of, the more the better. The more the market extended for the peasant and the more money he obtained for his goods, the more he was skinned by his landlords and rulers and the higher rose his taxes and duties. Soon his masters were no longer satisfied with the surplus over and above the cost of the peasant's subsistence, they filched even his necessities. No wonder that the peasants were seized with despair and that many of them, especially after all attempts at resistance in the Peasant Wars had been crushed, left hearth and home and sought refuge in the towns.

Then another circumstance often arose. As in the towns through

the extension of the market the necessity for industrial production on a large scale made itself felt, so developed the need for agricultural production on a large scale. What the merchants endeavoured to do in the towns, the landowners sought in the country. The landowner, who until then had been as a rule only a peasant in a large way, tried to extend his farm, and as he knew how to force the peasants to enter his service, he did not lack an ample supply of labourers; often he did not need fresh workers. The production of wool or timber, pasture farming or forestry required far less workers than agriculture. Where the landowners gave up agriculture in favour of pasture farming or forestry they made agricultural labourers superfluous. But what the landowner was now above all in need of was more land than he had possessed until then, and this he could secure only at the expense of the peasants in his immediate vicinity. He had to drive them off their farms if he wished to extend his own, and he suffered no pangs of conscience in pursuing such a course. The hunting down of peasants began and continued on a large scale until a century ago. Whilst the merchants enriched themselves by the exploitation of the colonies, the aristocracy and the rulers amassed wealth by exploiting their own subjects. And the feudal lords shewed as little reluctance as the capitalists in using fraud and physical force, robbery and incendiarism whenever they seemed necessary for gaining their ends. History thus teaches us most peculiar methods of "thrift."

What were the crowds of agriculturists without property to do, after having fled to escape taxes or duties or having been driven from hearth and home by fraud and violence! They were no longer able to produce for themselves, as they were lacking the means of production from which they had been driven and divorced. Being no longer in a position to take commodities to the market, nothing remained for them but to take themselves there, to sell the only thing of value that had been left to them, their labour power, for a short or long period, that is to say, their services were hired for wages. Some took employment as agricultural labourers, sometimes with the same master that had driven them out of their homes. Others joined the army to assist in the robbing expeditions of their masters who had plundered them. Others became submerged in beggary or crime. But many, and probably not the worst of them, turned to industrial enterprise for employment. The handicraftsmen endeavoured to stave off the deluge of additional labour, of fresh competitors, by restricting the entry into their trade Guilds. This course of action, however, more readily forced the crowds of men deprived of every shred of property into the arms of the merchants who were seeking wage workers for their industrial undertakings. Thus was created the basis of capitalist industry, of capitalist production, by expropriation, by a revolution unparalleled in history for its bloodshed and cruelty. But, of course, it was a revolution of the rich and mighty against the weak and poor, and for that reason the period of that revolution is cherished as the era of humanitarianism and intellectual freedom, and to-day, strange to say, most of all by those who are loudest in proclaiming their horror at the revolutionary intentions of Socialism.

The divorcement of large masses of workers from their means of production, their being deprived of all property and thus becoming proletarians was essentially a presupposed condition of capitalist production on a large scale. The economic development demanded it. But as always, the ruling classes were also in this instance not content with calmly watching the self-created effect of this development, but they

resorted to physical force to safeguard their interests and thereby hasten the course of development, and it was physical force in its most brutal and most cruel form which assisted in the birth of capitalist society.

4. THE DEATH STRUGGLE OF PETTY ENTERPRISE.

Externally, the new method of production differed at first but very slightly from the old. Its original form was that the capitalist supplied the workers whom he had hired, his wage workers, with raw material, for instance, with yarn in the case of weavers, which they worked up at home in order to deliver up the product to the capitalist. Of course, already in this form, which was the nearest approach to handicraft, capitalist production marked a vast difference between the handicraftsman on his own account and the wage worker producing in his home. We intend to consider later the change in the position of the worker caused by the new method of production, and shall, therefore, here deal only with the development of the latter.

The capitalist next ceased to allow the workers to perform the work in their own homes. He made them work in his workshops where he was better able to watch and drive them. This first of all created the basis of the real industrial capitalist enterprise on a large scale, and also the basis for that evolution of methods of production which has since been going forward with ever more rapid pace. Only by many working together in the workshop was division of labour made possible in production. Under the reign of petty enterprise division of labour had caused an increase in the number of trades and a decrease in the variety of articles which each producer made. But each one produced an entire article. Division of labour in bakeries for instance meant that each baker no longer produced every kind of bread. Some produced only white bread, others only brown bread. But every one produced whole loaves of bread. Division of labour in large concerns, however, has the effect of distributing the various processes necessary to the production of an article amongst certain workers who are working into each other's hands. The individual worker is more and more limited to a few single processes, which he repeats continually. A large concern where production is carried on in this way is a manufactory. The productivity of the labour of each individual worker is thereby increased. But another effect has proved to be of still greater importance. The division of labour in a particular trade having progressed so far as to divide the production of one article into its simplest processes and to reduce the worker to a mere machine, the replacing of the worker by a machine was only a small step.

And this step was taken. It was favoured by the development of natural science, above all, by the discovery of the motive power of steam, which for the first time provided a power quite independent of the elements and entirely subservient to man.

The introduction of the machine into industry signified an economic revolution. Through it the large capitalist concern obtained its highest and most perfect form, the factory. In the machine capitalist production was given its mightiest weapon, which easily conquered all resistance and made the course of economic development a great triumph of capital.

In the seventies of the Eighteenth Century the first practical machines were invented. They were introduced into the textile industry in England. From that period also dates the invention of the steam engine. Thenceforth the machine conquered one industry after another. Up to the forties of the last century capitalist industrialism outside of

England was insignificant. In the fifties it developed extensively in France; in the sixties and particularly in the seventies it conquered the United States, Germany and Austria. In the course of the last decades it has seized even upon barbaric Russia, East India and Australia. It already begins to spread to Eastern Asia, South Africa and South America. What are the great world empires of past centuries compared with this gigantic empire which capitalist industrialism has succeeded in subjecting to its domination?

In 1837 there were in Prussia for industrial purposes 423 steam engines, with 7,500 horse power. In 1901, however, there were 70,832 such machines alone permanently installed, and the horse power in industry and agriculture in Prussia comprised over 4,000,000.

The work performed by the steam power of all the steam engines in the world was more than ten years ago estimated to be equal to that of 200 million horses and 1000 million men.

By the use of the steam engine, the entire mode of production has undergone constant evolution. One invention, one discovery superseded another. On the one hand, the machine conquered new fields which hitherto had remained reserved for handicraft. On the other hand, in branches of industry already subjected to the factory system, old machines are every day becoming superfluous owing to the introduction of new and more capable appliances; indeed, by new inventions, new trades are quite suddenly created and old ones doomed to extinction. Already thirty years ago a worker on a spinning machine produced a hundred times the amount of a woman's product by hand, and according to the statistics of the Department of Labour in Washington, the capacity of the machine in the textile industry had in 1898 become 163 times greater than that of hand work. The machine was already then producing in 19 hours and 7 minutes as much yarn (1 cwt.) as a woman could produce by hand in 3,117 hours and 30 minutes.

Of what significance can be the petty enterprise of the craftsman placed beside the industry aided by machines?

Even in its lowest stage, that of the industry carried on at home and exploited by the capitalist, capitalist enterprise is proved superior to the handicraft enterprise. We do not here take into consideration the fact that the former leads to specialisation, which naturally enhances the productivity of labour. Far more important is the advantage which the capitalist as merchant has over the handicraftsman. He buys his raw material and other means of production on a large scale, he surveys the market far more perfectly than the handicraftsman, understands far better how to take advantage of the moment to buy cheaply and sell dearly, and he also possesses the means to wait for this psychological moment, and thus the advantage of the capitalist over the handicraftsman becomes so great that the latter cannot maintain the competition, even in the industries carried on at home, when production on a large scale, production for commercial purposes, comes into question. Even in those branches of industry in which handicraft performed in the home of the worker is the only prevailing method of production, the independence of the worker ceases when these become export industries. To change handicraft into an export industry means to destroy handicraft, to change it into home industry exploited by the capitalist. One can see how "artful" those social reformers are who wish to save a threatened industry by extending the markets for its products.

Thus, from its beginning, capitalist production, although quite simple, has proved in the case of production on a large scale superior

to handicraft. The machine makes this superiority completely crushing.

Handicraft survives only in those industries where it is not yet a question of production on a large scale, but one of petty production for a market still limited.

But the machine has not only changed industry but also the means of transit. Steamers and railways reduce more and more the freights on goods, establish further communication between the remotest and most secluded places and the centres of industry, and extend from day to day the markets for each of these centres. Only in this way is the full development of the machine in industry possible. The tremendous increase of production caused by the introduction of machinery demands also a proportionate increase in the disposal of the products.

In the same measure in which the means of transit are extended and perfected, in the same measure in which the market for particular industries is widened, by that same degree is the scope of handicraft getting limited. The number of trades and places where handicraft is still able to exist is already inconsiderable and diminishing perceptibly. The factory prevails and the days of handicraft are passing away.

But what holds good with handicraft applies also, if not in equal measure, to peasant farming. Wherever agriculture, whether on a small or large scale, has become production of commodities, production for sale, not for use, the large enterprise even if not more capable possesses from the beginning the same advantage over the petty enterprise which the capitalist has over the craftsman, namely, a better understanding and control of the market. The large landowner or his tenant possessed of capital is able to make the enterprise more fruitful than the peasant, and is also in the position to use better implements and tools, better breeding and working cattle, better manure, better corn for sowing, etc. The technical and commercial supremacy of agriculture on a large scale in Europe has during the last two decades been somewhat restricted owing to the agricultural competition from abroad, which proved a greater hardship to European agriculture on a large scale than to petty agricultural enterprise, firstly because it expressed itself principally in the raising of corn, a branch of agriculture in which the technical supremacy of the large enterprise over petty agriculture is most pronounced. In the large enterprise corn growing prevails, and this suffers most through the competition of the bonanza farms of America. Secondly, the large enterprise suffers more through foreign competition because it produces more with a view to the market, whilst the petty enterprise consumes a great portion of its own product, and is thus less dependent upon the market than the large enterprise.

But these favourable conditions for petty enterprise can be only temporary. Foreign competition does not remain restricted to corn growing; it extends also to the development of cattle raising, and production for self consumption with the peasant declines and becomes absorbed by the production of commodities, the production for sale.

It is principally the development of the railway and taxation system, which favours the extension of the production of commodities in agriculture. Through the railways the peasant obtains communication with the markets of the world. The taxes force him to go to the market, as he is unable to pay them without selling a certain quantity of his products. The higher the taxes, the more the peasant depends upon the market, the more his production becomes production of commodities, and the more he is affected by the competition of the large enterprise. To no class of our population is the increase of the taxes so disastrous as to the petty peasant.

Militarism constitutes to-day by far the most important cause for the increase of the taxes. Yet the same people, the large landowners, who pose as the best friends of the peasant, are the most active supporters of militarism. To the large landowners militarism offers only advantages. It necessitates enormous deliveries of victuals for men and horses, gigantic deliveries which can be best effected by the large enterprises, and to the sons of the large landowners militarism offers numerous highly paid positions as officers. Militarism deprives the peasant of his best worker, his son, and in his stead it burdens him with heavy taxes and drives him on the market, where he is oppressed by the competition of the large enterprises at home and by the bonanza farming of foreign countries.

The ruling classes see in the peasantry and the military the only safe pillars of the present social system. They fail to see that one of these pillars rests upon the other and crushes it by its increasing weight.

Since the beginning of the capitalist mode of production and until twenty years ago, the decline of the independent petty peasant enterprise has been most marked. The peasant was being reduced to the condition of a wage slave either through his holding becoming absorbed by a large farm or, where such did not exist in his immediate vicinity, through his holding being cut into pieces and sold to his neighbours. This development still continues to a large extent, although it has ceased in some localities owing principally to the aforesaid foreign competition, but partly also in consequence of the migration of agricultural labourers to the towns—a point we cannot deal with here. Statistics, for instance, show us the following results:—

FRANCE.				1882-1892.
SIZE OF FARM.				Increase (+) or Decrease (—)
Under 1 Hectare	...	...		+ 243,420 Hectares.
Over 1 and under 5 Hectares				— 108,434 "
.. 5 .. 10 ..				— 13,140 "
.. 10 .. 40 ..				— 532,243 "
.. 40 Hectares	...	...		+ 197,288 "

GERMANY.				1882-1895.
Under 2 Hectares	...	...		— 17,494 Hectares.
Over 2 and under 5 Hectares				+ 95,781 "
.. 5 .. 20 ..				+ 563,477 "
.. 20 .. 100 ..				— 38,333 "
.. 100 Hectares	...	...		+ 45,533 "

(1 Hectare = 2.47 English acres.)

Everywhere, however, we find a decline in that agricultural enterprise which, having a separate existence, is independent of capital. The leasing system and mortgaging increase. In the German Empire, the mortgages on landed property increased in the ten years from 1886 to 1895 by about 23,000,000,000 Marks, and the number of farms held on lease rose from 2,322,899 in 1882 to 2,607,210 in 1895, viz., an increase of 284,311.

Finally, we find a decrease in the entire agricultural population. In the German Empire the number of persons employed in agriculture was 18,704,038 in 1882, while in 1895 the number was 17,815,187, or nearly a million less.

Much more telling, however, than in agriculture is the decline of petty enterprise in industry. Here it is absolute.

INDUSTRIAL ESTABLISHMENTS IN THE GERMAN EMPIRE.

	1882.	1895.	
Size, according to No. of workers employed.	Number of Estab- lishments	Number of Estab- lishments	Increase or Decrease
Small (1 to 5 workerseach)	2,175,857	1,989,572	- 8.6%
Medium (6 to 50 " " ")	85,001	139,459	+ 64.1%
Large (over 50 " " ")	9,481	17,941	+ 89.3%

Between 1882 and 1895 the population increased by 14.5%. The number of workers employed in small industrial establishments was in 1882 still over one half (59%) of the entire number of industrial workers (4,335,822 out of 7,340,789) but in 1895 the number fell to 46.5% (4,770,669 out of 10,269,269). During the same period, however, the number of workers employed in large industrial establishments was doubled (from 1,613,247 to 3,044,267).

As German capitalism is still young, these are most surprising figures, for the decline of petty industry is generally a tedious process.

An example will make this clear. Already in the forties of the eighteenth century, machine weaving, particularly the English weaving trade, produced such keen competition that the misery of the hand weavers became proverbial, and the starvation existing among them produced rebellion. Nevertheless, according to statistics, out of the 491,796 weavers in the German Empire in 1882, 285,444 were still employed in small weaving concerns (employing from 1 to 5 persons), that is to say, more than half. But nobody then maintained that there were good prospects in store for hand weaving, and that its decline was not inevitable in the course of evolution. In England the last hand weaver has been starved long ago. In Germany, too, they are fast disappearing: there the number of persons employed in small weaving concerns decreased from 285,444 in 1882 to 156,242 in 1895. If there are still some hand weavers in existence, that does not prove that petty industry is capable of competing successfully, but merely that the hand weaver is capable of enduring starvation.

The complete disappearance of petty industry is not the first but the last act of the tragedy entitled "The Extinction of Petty Enterprise." The first effect of the competition with capitalist production is that the handicraftsman—and what may be said of him is with some modifications also applicable to the peasant—gradually sacrifices all that his own or his forefathers' industry succeeded in accumulating. The petty industrialist grows poor; in order to stave off his increasing poverty he resolves to be more industrious; the working hours are extended until late at night; wife and children are compelled to assist in the work; in place of expensive adult assistants cheaper apprentices are engaged, and their number disproportionately increased; and while the working hours are extended and the toil is proceeding with ever more feverish speed without rest or interval, food becomes more precarious, and the expenditure for housing and clothing is more and more cut down.

There is no more miserable, wretched existence than that of the petty industrialist or the small farmer who is struggling hard against overwhelming capital.

The assertion that the wage workers are to-day better off than the small farmer and the small manufacturer or trader, is fully justified. This statement, however, was intended to show the workers that they

no reason to be discontented. But the arrow does not strike Socialism, at which it was directed, but private property. If indeed the propertyless are better off than the property-owning small manufacturers, of what value can their property be still to the latter? It ceases to be of advantage to them, it commences to be detrimental to them. If, for instance, the home weaver persists in carrying on his unprofitable concern, although he would be able to earn more in the factory, he does so only because he still possesses something, a cottage, a piece of land for growing vegetables, which he would have to surrender were he to give up his business. To the petty industrialist his possession of the means of production has ceased to be a safeguard against misery and has become a chain binding him hopelessly to utter wretchedness.

In his case private property has brought about an effect which is not usually looked for. What a hundred years ago was still a blessing to the handicraftsman and peasant, has turned out a curse to him.

But it may be argued that with this increased misery the small peasant and handicraftsman are purchasing a higher independence and liberty than are enjoyed by the propertyless wage workers. Even such argument is erroneous. Where petty industry comes into contact with capital, it becomes only too rapidly quite dependent upon it. The handicraftsman becomes a home-industrialist and is thus enslaved by the capitalist; his home is turned into a branch of the factory; or he becomes an agent of the capitalist, a salesman of manufactured goods, besides bearing the cost of wear and tear; in both cases he is entirely dependent upon the capitalist. And the peasant who is unable to keep up the competition as small farmer or succumbs to the pressure of usury or taxes, also takes to home industry in the service of the capitalist, or to wage work in the employ of the large farmer. He may become a journeyman, or go to a factory or mine, and leave the work of his little holding to be attended to by his wife and young children. Where then is his independence and freedom? His property alone distinguishes him from the proletarian, or wage slave, but it is that very property which prevents him from taking advantage of the best opportunities to obtain work; it ties him to a certain spot and makes him more dependent than the propertyless wage worker. The private ownership of the means of production increases not only the material misery but also the dependence of the small man. In this respect private property has also produced a contrary effect—it has changed from a bulwark of freedom to the means of enslavement.

But, it will be urged, private property ensures to the handicraftsman and peasant at any rate the ownership of the product of their labour. Now, this is poor consolation, seeing that the value of these products has declined to such an extent that it does not suffice for the sustenance of the producer and his family. But even this poor consolation is a delusion. In the first instance, it does not apply to the large army of persons who are compelled to take to home work or wage slavery in order to support themselves. Neither does it apply to the majority of the small handicraftsmen and peasants whom overwhelming capital has not yet brought into its direct service, so that until now they have apparently been fortunate enough to preserve their entire independence. It does not apply to all those who are in debt—the usurer holding a mortgage on a peasant farm has a claim, superior to that of the peasant himself, to the product of the peasant's labour. First of all the usurer has to be paid, and only what remains belongs to the peasant; whether this balance suffices to maintain the peasant and his family is no concern of

the usurer's. The peasant and the handicraftsman both work as ^{well} for the capitalist as the wage worker does. The difference which private property causes in this respect between propertyless and property-owning workers, is only that the wages of the former is generally regulated according to customary requirements, while as far as the property owning workers are concerned, no such limit exists. In the case of the latter it may happen that after paying the usurer's interest nothing remains of the product of their labour—that they work for nothing, owing to private property.

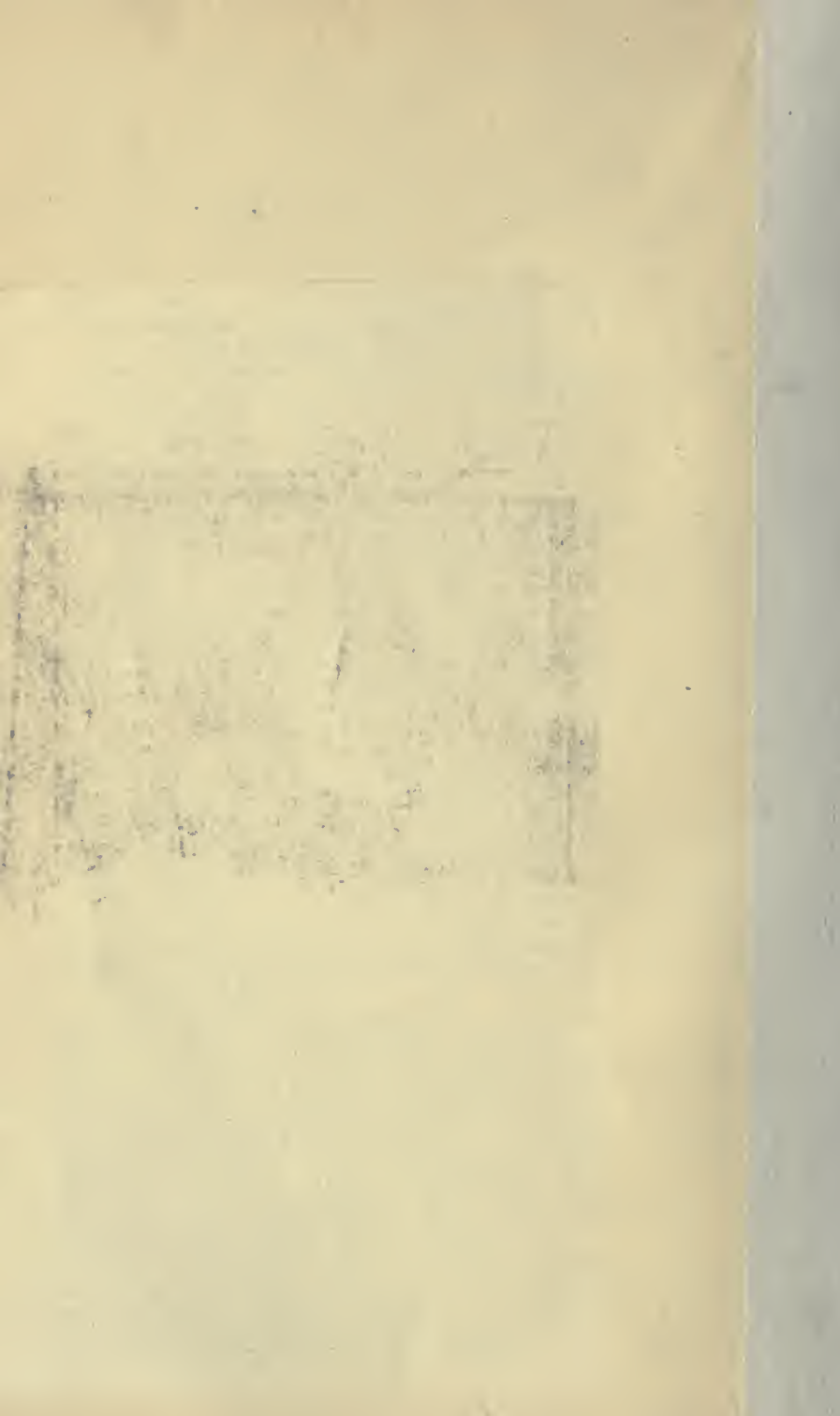
If in remote places there are still peasants and handicraftsmen to be found who are not in debt, even they are compelled to pay their tribute to capital by means of the National Debt.

By interest on mortgages and goods on credit, peasants and handicraftsmen pay interest on capital they themselves have employed. By taxes raised for paying interest on the National Debt, they pay interest on capital which the State has borrowed in order to enrich at their expense their very competitors and exploiters—contractors, builders, large manufacturers, great landowners, and others. Militarism and the National Debt, these are the two means by which the State of to-day succeeds in forcing even the remotest village into the domain of capitalist exploitation, thereby hastening the abolition of peasantry and handicraft.

What is the final result of this painful struggle against the overwhelming competition of industry on a large scale? What reward is there for the handicraftsman or peasant for his "thrift" and his "industry," that is to say for the enslavement of himself, his wife and children, for their physical and mental ruin? The reward for that is bankruptcy, entire disinheritance (expropriation is the artistic term for it), divorce from the means of production, descent into the proletariat.

That is the inevitable final result of the economic development in Society to-day, a result as inevitable as death itself, and just as death comes as a relief to the person suffering from a painful disease, so under present conditions is bankruptcy hailed with equal satisfaction by the small man as a relief from property which has become a heavy burden to him. The continued existence of petty industry leads indeed to such demoralisation and misery that we must ask ourselves the question whether we would be justified in delaying its extinction, if that were at all possible. Would it be more desirable that handicraftsmen and peasants should all sink to the position of the hand weavers of the Ore Mountains or that they should become wage workers in great industrial concerns?

This alone is to be considered when efforts are made to maintain petty enterprise, for it is impossible in this age of steam and electricity to place handicraft and small farming in a flourishing condition so that they may bring to the petty proprietor a share in modern culture. The self-supporting small concern, independent of capital, having perfect control of its means of production and of its products—this system of property holding and wealth producing, upon which in the middle ages and even so late as the seventeenth century all economic existence was based, disappears inevitably before expanding capitalism, which seizes one trade after another. What still survives in the shape of petty industry and at times even newly develops, is nothing but a hidden form of wage slavery, and by no means one of its highest forms. It becomes the last refuge of those unfortunate propertyless persons who cannot find employment in large industrial concerns, and who are too proud to beg, too honest to steal.



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Kautsky, Karl
From handicraft to
capitalism

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